
SUBSTITUTE HOUSE BILL 2823

State of Washington

58th Legislature

2004 Regular Session

By House Committee on Technology, Telecommunications & Energy
(originally sponsored by Representatives Sullivan, Cooper, Hunt,
Upthegrove, Linville, Murray, Simpson, G., Chase and Kagi)

READ FIRST TIME 02/06/04.

1 AN ACT Relating to providing incentives to reduce air pollution and
2 improve energy security through the use of alternative fuel vehicles;
3 adding new sections to chapter 82.04 RCW; adding a new section to
4 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating
5 a new section; providing an effective date; and providing an expiration
6 date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
9 to read as follows:

10 (1) Persons who are taxable under this chapter may take a credit
11 for the purchase, or the lease for a period of at least three years, of
12 new alternative fuel vehicles, if the vehicles are exclusively used in
13 business operations. The credit is based upon the following schedule:

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VEHICLE TONNAGE	CREDIT
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1	Less than 10,000 pounds	30 percent of the cost or
2	gross vehicle weight	\$5,000, whichever is
3		less
4	10,000 pounds or more	30 percent of the cost or
5	gross vehicle weight	\$25,000, whichever is
6		less

7 (2) For the purposes of this section, "alternative fuel vehicles"
8 means a motor vehicle, as defined in RCW 46.04.320, originally designed
9 and equipped by the manufacturer to operate: (a) Exclusively on
10 natural gas, liquefied petroleum gas (propane), hydrogen, or
11 electricity; or (b) as a fuel cell vehicle. For purposes of this
12 subsection, "fuel cell vehicle" is defined as a vehicle that operates
13 on an electric motor drawing current from combining hydrogen and oxygen
14 in an electrochemical process.

15 (3) The credit may not exceed the amount of tax that would
16 otherwise be due under this chapter. The credit may be accrued and
17 carried over until it is used. Refunds shall not be granted in place
18 of credits. The maximum amount of credit under this section that may
19 be claimed, by each person, for any calendar year shall not exceed five
20 hundred thousand dollars.

21 (4) Tax credit may not be claimed for expenditures that occurred
22 before the effective date of this section or expenditures that occur
23 after January 1, 2015.

24 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
25 to read as follows:

26 (1) Persons who are taxable under this chapter may take a credit
27 for the costs expended for acquiring and installing alternative fuel
28 and electric vehicle recharging equipment, including alternative fuel
29 storage tanks. For purposes of this subsection, "alternative fuel"
30 means natural gas, liquefied petroleum gas (commonly called propane),
31 and hydrogen. The credit is based upon the following schedule:

32 (a) Fifty percent of the costs incurred at facilities open to the
33 public not to exceed five hundred thousand dollars; and

34 (b) Twenty-five percent of the costs incurred at facilities not
35 open to the public not to exceed two hundred fifty thousand dollars.

36 (2) The credit may not exceed the amount of tax that would
37 otherwise be due under this chapter. The credit may be accrued and

1 carried over until it is used. Refunds shall not be granted in place
2 of credits. The maximum amount of credit under this section that may
3 be claimed, by each person, for any calendar year shall not exceed two
4 million dollars.

5 (3) Tax credit may not be claimed for expenditures that occurred
6 before the effective date of this section or expenditures that occur
7 after January 1, 2015.

8 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08 RCW
9 to read as follows:

10 (1) The tax levied by RCW 82.08.020 does not apply to sales of
11 machinery and equipment, or to services rendered in respect to
12 constructing structures, installing, constructing, repairing,
13 decorating, altering, or improving of structures or machinery and
14 equipment, or to sales of tangible personal property that becomes an
15 ingredient or component of structures or machinery and equipment, if
16 the machinery, equipment, or structure is used directly for the retail
17 sale of natural gas, liquefied petroleum gas, hydrogen, or a blend of
18 natural gas and hydrogen for use in a motor vehicle or is used for the
19 recharging of an electric vehicle.

20 (2) A person taking the exemption under this section must keep
21 records necessary for the department to verify eligibility under this
22 section. The exemption is available only when the buyer provides the
23 seller with an exemption certificate in the form and manner prescribed
24 by the department. The seller shall retain a copy of the certificate
25 for the seller's files.

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.12 RCW
27 to read as follows:

28 The provisions of this chapter do not apply in respect to the use
29 of machinery and equipment, or to services rendered in respect to
30 installing, repairing, altering, or improving of eligible machinery and
31 equipment, or tangible personal property that becomes an ingredient or
32 component of machinery and equipment used directly for the retail sale
33 of natural gas, liquefied petroleum gas, hydrogen, or a blend of
34 natural gas and hydrogen for use in a motor vehicle or used for the
35 recharging of an electric vehicle.

1 NEW SECTION. **Sec. 5.** (1) The legislature finds that
2 accountability and effectiveness are important aspects of setting tax
3 policy. In order to make policy choices regarding the best use of
4 limited state resources the legislature needs information to evaluate
5 whether the stated goals of legislation were achieved.

6 (2) The goal of the alternative fuel vehicle and electric vehicle
7 tax incentives in sections 1 through 4 of this act is to encourage the
8 use of alternative fuel vehicles and electric vehicles and to encourage
9 development of fueling and recharge stations. The goal of this tax
10 credit is achieved when the total number of alternative fuel vehicles
11 and electric vehicles exceeds five percent of the total number of motor
12 vehicles, as defined in RCW 46.04.320, that are registered in
13 Washington state.

14 NEW SECTION. **Sec. 6.** Sections 1 through 4 of this act expire
15 January 1, 2015.

16 NEW SECTION. **Sec. 7.** This act takes effect July 1, 2004.

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